

VZCZCXRO9088
RR RUEHGR
DE RUEHSP #0361/01 2471506
ZNR UUUUU ZZH
R 041506Z SEP 09
FM AMEMBASSY PORT OF SPAIN
TO RUEHC/SECSTATE WASHDC 0025
INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCNCOM/EC CARICOM COLLECTIVE
RUEHRC/USDA FAS WASHDC 0279
RUEHRC/AMEMBASSY ATO CARIBBEAN
RHMCSUU/DEPT OF ENERGY WASHDC
RUEAWJA/DEPT OF JUSTICE WASHDC

UNCLAS SECTION 01 OF 02 PORT OF SPAIN 000361

SIPDIS

SANTO DOMINGO FOR REGIONAL COMMERCIAL OFFICE
JUSTICE FOR OPDAT

E.O. 12958: N/A

TAGS: [EAIR](#) [ECON](#) [EFIN](#) [ELAB](#) [ELTN](#) [ETRD](#) [TD](#)

SUBJECT: TRINIDAD & TOBAGO ECONOMIC HIGHLIGHTS FOR JULY

Notable economic developments in Trinidad & Tobago in July:

- 1) Airline boss quits
- 2) Inflation plummets and Repo rate falls
- 3) Central Bank: T&T not in recession
- 4) Central Bank injects US dollars into economy
- 5) Positive credit rating from regional agency
- 6) Unemployment rises
- 7) T&T doctor shortage ... Cubans to fill vacancies!!
- 8) Highway network and rapid rail system in works
- 9) T&T hosts trade delegations

1. Airline boss quits

State-owned Caribbean Airlines' (CA) CEO Philip Saunders recently tendered his resignation citing personal reasons. Saunders joined the airline in October 2007, and his resignation comes amidst reports that the airline has been unable to turn a profit since it began operations in January 2007. CA reportedly is losing some USD 2 million a month, though Saunders said he hopes the airline will soon turn profitable on an annual basis. Until a replacement is named, the airline's Operations VP, Captain Ian Brunton, will serve as interim CEO.

2. Inflation plummets and Repo rate Falls

The Central Bank of Trinidad and Tobago (CBTT) announced headline inflation fell sharply to 8.4 percent down from 10.3 percent in May. Food price inflation dropped from 19.6 percent in May to 16.5 percent in June. Core inflation also slowed to 4.5 percent (year-on-year) in June down from 5.8 percent in May. CBTT attributes the reduction in inflation to lower commodity prices on the international market and a reduction in local demand for goods and services. To address slowed domestic economic activity, sluggish credit growth, and the slow global economic recovery, the Bank reduced its Repo Rate by 25 basis points to 7.25 percent. The next Repo rate announcement is scheduled for August 28, 2009. The full text of the Central bank announcement is posted at <http://www.central-bank.org.tt/>.

3. Central Bank: T&T not in recession

The Governor of the Central Bank of Trinidad and Tobago (CBTT) Ewart Williams told reporters recently that T&T's economy is "stagnant," but not in recession despite two successive quarters of negative real GDP growth. Williams predicts recovery will be slow and take time.

4. Central Bank injects US dollars into economy

The Central Bank of Trinidad and Tobago (CBTT) injected USD 824

million into the economy in the first five months of 2009, almost equivalent to the amount injected in all of 2008.

15. Positive credit rating from regional agency

Regional credit rating agency Caribbean Information and Credit Rating Services Ltd. (CariCRIS) recently reaffirmed the triple "A" rating for GOTT. According to CariCRIS, the ratings on T&T continue to reflect its strong, resilient and well diversified economic structure, strong external liquidity, and a healthy net foreign reserves position. The statement continued that sound fiscal flexibility, low public debt, stable monetary and exchange rate policies, and a relatively well regulated financial system support the rating.

16. Unemployment rises

The Central Bank of Trinidad and Tobago's June 2009 Summary Economic Indicators Bulletin states that unemployment rose to five percent as of March 2009. Between December 2008 and June 2009, more than 5,000 jobs were lost in the construction, energy, distribution and manufacturing sectors. The report indicates that although the unemployment figure increased, the labor force participation rate also moved upwards in the first quarter of 2009 to 63.6 percent, compared to 63.1 percent during the same period in 2008. CB Governor Ewart Williams indicated that unemployment could reach six percent this year (not counting government make-work projects).

17. T&T doctor shortage... Foreigners to fill vacancies!!

GOTT Minister of Transport Colm Imbert told Parliament there is a
PORT OF SP 00000361 002 OF 002

shortage of at least 1,200 doctors in Trinidad and Tobago's public health service. To facilitate the importation of foreign doctors, from Cuba, the Philippines, St. Lucia and elsewhere, the GOTT set up a parallel public medical board to the current privately-run board. The private board had balked at allowing Cuban medical personnel to practice here absent their passing an English language exam. The new government board has granted the Cubans a year to pass the English exam.

18. Highway network and rapid rail system in works

Addressing a breakfast meeting recently, GOTT Transport Minister Imbert advised that plans were in the works to improve the country's transportation system. He indicated that a network of highways would be constructed to connect all major towns and cities in the country. The first phase of this project would cost USD 2 billion. Minister Imbert said that international management consultant, AECOM, completed the designs and was putting together 13 packages for tenders to begin later this year. Imbert also noted that plans for a rapid rail system continue to advance, with planning in the preliminary engineering stage.

19. T&T hosts trade delegations

In June 2009, the GOTT Ministry of Trade and Industry hosted a number of trade and investment delegations. This is in keeping with its mandate to encourage business development, foreign investment, and economic diversification. While in T&T, the delegations met with government representatives, state agencies, local businesses and Trade and Industry Minister Mariano Browne. A U.S. delegation from Washington, D.C. was led by attorney John Woods from the NS&J Advisory Group. The delegation included representatives from the city government, and the construction, manufacturing, tourism and ICT sectors. Delegation members are interested in developing strategic partnerships with T&T businesses. Other trade delegations were from India, Bangladesh, Sri Lanka and Nigeria.

KUSNITZ